

# Corporate Policy and Resources Committee

Date of Meeting: 27 November 2023



<b>Title</b>	<b>Procurement of Cleaning services for the municipal portfolio and the residential properties</b>
<b>Purpose of the report</b>	To make a decision
<b>Report Author</b>	John Hesbrook; Facilities Manager
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	N/A
<b>Corporate Priority</b>	<p><b>Community</b> – refers to the cleaning services for municipal properties.</p> <p><b>Affordable Housing</b> – refers to the cleaning services for Knowle Green Estates (KGE) residential properties</p> <p><b>Recovery</b> – requires social value benefits to be delivered via the new contracts</p> <p><b>Environmental</b> – requires consideration of reduced environmental impact into the cleaning services contracts</p>
<b>Recommendations</b>	<p>The Committee is recommended to:</p> <ol style="list-style-type: none"> <li>i. Note and approve the procurement process for the letting of a contract for cleaning services to the Council's municipal and residential properties.</li> <li>ii. Agree contract commencement date of 01 April 2024 for an initial contract term of three (3) years, with the option to extend annually for a further two (2) 12-month periods, at the Council's sole discretion, taking into account the contractor's performance on the contract</li> <li>iii. Delegate the appointment of the contractor to the Group Head of Assets in consultation with the Chair and Vice Chair of the Corporate Policy and Resources Committee</li> <li>iv. Authorise the Group Head of Corporate Governance to enter into any legal documentation necessary to implement the new contract.</li> </ol>
<b>Reason for Recommendation</b>	<p>These recommendations are:</p> <ol style="list-style-type: none"> <li>i. To ensure the continuity of cleaning services for all the Council municipal and residential properties.</li> <li>ii. To advise that the procurement processes will follow a Public Contracts Regulations (PCR) 2015-compliant</li> </ol>

	<p>Restricted (two-stage) procurement procedure commencing with advertising the contracts on Find a Tender Services (FTS), shortlisting of tenders expressing an interest via a Selection Questionnaire, and the invitation to tender of shortlisted providers</p>
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## 1. Key issues

- 1.1 The cleaning of the Council municipal and residential properties is an essential service that allows the buildings to function effectively to deliver key services. The Council offices rely on the daily cleaning service to ensure a clean, hygienic work place is provided to staff and visitors alike. Failure to provide cleaning services would result in the potential closure of Day Centre's. The kitchens within the Day Centre's would not be able to operate through non-compliance with food hygiene standards. This would result in the Centre's not being able to serve daily meals to Centre users. The meals on wheels service would also not be able to provide meals to elderly residents that rely on the service. The residential properties included within this contract are flatted developments which are reliant on having communal areas cleaned.
- 1.2 The current contractual arrangements have worked well. The cleaning specifications for all sites have been reviewed and the specification for each site revised with consultation with all the respective stakeholders, i.e. Day Centre Managers etc. The specification review is intended to deliver better outcomes by targeting the resources to tasks identified by stakeholders as needing higher priority. Other specification requirements have been tailored back where appropriate and it is hoped that this will result in financial savings, and the proposed reduced contract value will be stated in the tender documents.
- 1.3 It is not an option to extend the contract with the current provider. The current contract has run it's term of 3 years with the option of two additional 12 month extensions which were exercised. The current provider is operating on an interim contract that will expire on 31 March 2024.
- 1.4 It is considered that the Council could achieve better value for money, reduced risk of contractor underperformance and increased social value and community benefits if a new a comprehensive single contract covering all KGE and relevant Council owned municipal properties is let through a competitive tendering exercise by 31 March 2024. This will mean the overall cost of the cleaning contract will increase, but this should be less than the total of all the current individual contracts.
- 1.5 The cleaning specification includes daily services, weekly services and bi-annual deep cleans to all sites.
- 1.6 The properties included in this new contract are municipal buildings, (Knowle Green Offices, Fordbridge Day centre, Staines Community Centre, The Greeno Centre and the car park's office at Elmsleigh surface car park) and the communal areas of residential buildings. Currently the following sites are not covered by the cleaning contract, White House Depot, White House Hostel (WHH), Harper House (HH), The Business Hub, Laleham Nursery. These sites are cleaned under contract by separate service providers. All contracts have

the same expiry date of 31/03/2024, with the exception of White House Hostel and Harper House. I will advise on the contract expiry for WHH and HH sites once this has been clarified. The preferred option is for all the previously listed sites to come under the proposed new cleaning contract.

- 1.7 Some of the residential properties are listed under Knowle Green Estate (KGE) Ltd.'s portfolio while others remain under the Council's direct management.
- 1.8 The KGE residential property portfolio includes The Bugle, Benwell House, Knowle Green West. KGE will reimburse the Council the costs for these sites. Other Council residential properties in the municipal portfolio are, Harper House, White House Hostel.
- 1.9 Given that the potential value of this contract is above UK procurement (sterling) threshold, the letting of the contract falls within the Public Contracts Regulations 2015 and, therefore procurement will commence with advertising the contracts on Find a Tender Services (FTS), seeking expression of interest via Selection Questionnaires (SQ). The procurement process will follow the restricted procedure, which includes the selection of a tender list and subsequent invitation of selected organisations to submit tenders. The contract is being tendered by SBC with.
- 1.10 The Restricted (two-stage) Procurement procedure will give opportunity to local and other contractors of all sizes to submit Selection Questionnaires (SQ) [1<sup>st</sup> stage of the procurement process]. Contractors will be selected based on SQ scores and those selected will subsequently be invited to submit tenders. This process will thereby fostering effective competition, value for money, social benefits and also has the advantage of allowing local contractors to try to secure work.
- 1.11 The contract term of five (05) years (based on a contract term of an initial period of three (03) years + two (02) extension periods of 12 months each) is the normal contract period for this type of service. It is sufficiently long to allow contractors to deliver the contract deliverables but not too long that the Council cannot be sure of achieving value for money by further competitive market testing. The Council can also achieve further efficiencies with the contractor as part of the contract extension negotiations.
- 1.12 The price element of the tender will comprise of 60% of the total tender score, with weighting of quality at 40% to represent health and safety risk inherent in the contract.
- 1.13 The scoring of the quality element will be based on Method Statements submitted by each contractor. In that context, the 60/40 price/quality proportion is intended to deliver the right balance between quality and price.
- 1.14 Where TUPE may apply, this will be at the secondary level (i.e., contractor to contractor) and the project manager will ascertain from the incumbent contractors whether they believe that any employees within the existing contract fall under the TUPE liabilities and include such information in the tender documents to allow bidders to cost their tender responses accordingly.

## **2. Options analysis and proposal**

- 2.1 There are four main options that need to be considered in relation to this procurement:

- i) **Option 1** – To continue with the existing arrangement of different cleaning contractors for the named sites outside the current cleaning contract and not to bring in all the sites altogether under one contract. The current sites under the cleaning contract would however need to be tendered or resourced though. This is not a preferred option. It would miss the opportunity of achieving the value of scale of economy we hope to achieve with the preferred option.
- ii) **Option 2** - undertake a mini-competition using either the Council's Framework Agreements (which may not have all of the required specialisms) or another suitable framework open to the Council to use for a contract start date of 01 April 2022. This approach would help to mitigate the risk of procuring the contract in time for April 01, 2024 but would not necessarily open the opportunity to local contractors.
- iii) **Option 3** – To bring the cleaning service in house and the Council to employ staff directly. This could potentially achieve a financial saving due to eliminating the requirement for the cleaning company to make a profit. However, there would be concerns with our ability to resource sufficient cleaning staff. The current cleaning staff could be transferred over through TUPE, there would be the issue with ensuring adequate staff cover for instances of sickness and annual leave etc. The current cleaning contractor pays the cleaning staff minimum wage and struggles to recruit to positions. The cleaning service would require significant managerial supervision to ensure that sites were appropriately resourced to cover absence in addition to the on-site management of the cleaners.
- iv) **Option 4** - (preferred option) to tender the contract by carrying out a full PCR 2015 compliant tender, advertising the contract with contract start dates of 01 April 2024, to ensure the participation of local and sufficient suitably qualified contractors. This will allow us to fully test the market, using a detailed Specification of Requirements, tailored towards obtaining contract deliverables which align to our Corporate Priorities, specifically Service delivery.

### **3. Financial implications**

- 3.1 It is expected that a saving will be achieved through the new contract. The cleaning specifications have been reviewed and rewritten and it is expected this will achieve savings. It is also expected that bringing in all the sites together under one contract will achieve economies of scale.
- 3.2 Cleaning services carried out on KGE properties are paid from KGE budget.
- 3.3 The new contract will allow for annual fluctuations (price increase) based on the Consumer Price Index (CPI). With effect from the second year of the contract, CPI uplift shall be applied cumulatively on an annual basis until the end of the Contract Period.
- 3.4 See accompanying confidential appendix to this report for further financial details relating to the current contract and cleaning spend across the Council property portfolio.

#### **4. Legal considerations**

- 4.1 The procurement exercise recommended in this report must comply with both the Council's Contract Standing Orders and the relevant procurement legislation (currently the Public Contracts Regulations 2015).
- 4.2 Due to the estimated value, any contract awarded must be made under seal and reviewed by Legal Services.

#### **5. Other considerations**

- 5.1 Facilities Management/Day Centre managers/Site Leads will work with Corporate Procurement throughout the contract duration to ensure that contract deliverables are achieved.
- 5.2 The new contract will be drafted in such a way as to improve the service standards to ensure Spelthorne Borough Council staff and residents continue to receive high quality service standards.

#### **6. Equality and Diversity**

- 6.1 The procurement process will be carried out in accordance with the Council's Contract Standing Orders, and the selected contractors will be required to comply with relevant Equality and Diversity laws, accessibility standards and Health and Safety regulations. The Specification and Method Statement questions will detail a requirement for social value benefits to be delivered.

#### **7. Sustainability/Climate Change Implications**

- 7.1 As part of the procurement selection criteria, contractors will be required to demonstrate processes and the use of materials which minimise the environmental impact of their services.

#### **8. Timetable for implementation**

- 8.1 Indicative timetable for procurement of the contract is as follows:

<b>Event</b>	<b>Date</b>
Publication of ITT	15 November 2023
Period for Expression of Interest (SQ Responses)	15 November – 15 December 2023
<b>SQ Submission Deadline</b>	<b>12 noon on 15 December 2023</b>
Evaluation of SQ	18 – 22 December 2023
<b>Notification of outcome of SQ Evaluation and Bidders Invited to Tender (Tenderers)</b>	<b>4 January 2024</b>
Site Visits	TBC
Deadline for Receipt of Clarifications	12 noon on 8 February 2024
<b>Deadline for Receipt of Tenders</b>	<b>12 noon on 15 February 2024</b>
Evaluation of Tenders	16 – 23 February 2024
Preferred Bidder(s) Identified	26 February

<b>Internal Approval Process</b>	<b>26 February – 1 March 2024</b>
Notification to Bidders of Contract Award Decision	4 March 2024
“Standstill” Period	4 – 14 March 2024
Confirm Contract Award	15 March 2024
Mobilization Period	March
Contract Commencement Date	01 April 2024